

**CITY OF LANSING  
BUILDING AUTHORITY**

**Basic Financial Statements**

**For The Year Ended  
June 30, 2008**



**REHMANN ROBSON**

*Certified Public Accountants*

# CITY OF LANSING BUILDING AUTHORITY

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**REHMANN ROBSON**

*Certified Public Accountants*

*A member of* **THE REHMANN GROUP**



## **INDEPENDENT AUDITORS' REPORT**

December 19, 2008

To the Commissioners of the  
City of Lansing Building Authority Board  
Lansing, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the ***City of Lansing Building Authority, a component unit of the City of Lansing***, as of and for the year ended June 30, 2008, which collectively comprise the Authority's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Lansing, Building Authority. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Lansing Building Authority as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2008, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Authority has not presented Management's Discussion and Analysis as required supplementary information. The GASB has determined that such information is necessary to supplement, although not required to be part of, the basic financial statements.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

# **Basic Financial Statements**

# **Government-wide Financial Statements**

# City of Lansing Building Authority

## Statement of Net Assets

June 30, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Totals
<b>Assets</b>			
Cash and investments	\$ -	\$ 281,548	\$ 281,548
Receivables	1,758	314,671	316,429
Bond issue costs	15,339	437,688	453,027
Leases receivable	1,380,000	60,000,414	61,380,414
<b>Total assets</b>	<b>1,397,097</b>	<b>61,034,321</b>	<b>62,431,418</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	5,090	166,318	171,408
Long-term liabilities:			
Due within one year	115,000	5,694,472	5,809,472
Due in more than one year	1,277,007	51,550,824	52,827,831
<b>Total liabilities</b>	<b>1,397,097</b>	<b>57,411,614</b>	<b>58,808,711</b>
<b>Net assets</b>			
Unrestricted	\$ -	\$ 3,622,707	\$ 3,622,707

The accompanying notes are an integral part of the financial statements.

**City of Lansing Building Authority**  
Statement of Activities  
For the Year Ended June 30, 2008

<b><u>Functions/Programs</u></b>	<b><u>Expenses</u></b>	<b><u>Program Revenues Charges for Services</u></b>	<b><u>Net (Expense) Revenue</u></b>
<b>Primary government</b>			
Governmental activities:			
Interest on long-term debt	\$ 63,051	\$ 63,051	\$ -
Business-type activities:			
Municipal parking system	3,638,944	3,506,331	(132,613)
Golf	44,558	39,711	(4,847)
Total business-type activities	3,683,502	3,546,042	(137,460)
<b>Total primary government</b>	<b>\$ 3,746,553</b>	<b>\$ 3,609,093</b>	<b>\$ (137,460)</b>

Continued...



**City of Lansing Building Authority**  
Statement of Activities (concluded)  
For the Year Ended June 30, 2008

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>
<b>Changes in net assets</b>			
Net (expense) revenue	\$ -	\$ (137,460)	\$ (137,460)
<b>General revenues</b>			
Unrestricted investment earnings	-	9,903	9,903
Change in net assets	-	(127,557)	(127,557)
Net assets, beginning of year	-	3,750,264	3,750,264
<b>Net assets, end of year</b>	<u>\$ -</u>	<u>\$ 3,622,707</u>	<u>\$ 3,622,707</u>

The accompanying notes are an integral part of the financial statements.

## **Fund Financial Statements**

**City of Lansing Building Authority**  
Balance Sheet - Governmental Funds  
June 30, 2008

	<b>2005 Refunding Debt Service</b>
<b><u>Assets</u></b>	
<b>Assets</b>	
Due from the City of Lansing	\$       191
Leases receivable	<u>1,380,000</u>
<b>Total assets</b>	<u><u>\$   1,380,191</u></u>
<b><u>Liabilities and Fund Balances</u></b>	
<b>Liabilities</b>	
Deferred revenues	\$   1,380,000
<b>Fund balance</b>	
Unreserved, undesignated	<u>191</u>
<b>Total liabilities and fund balance</b>	<u><u>\$   1,380,191</u></u>

The accompanying notes are an integral part of the financial statements.

**City of Lansing Building Authority**  
Reconciliation of Fund Balance on the Balance Sheet  
for Governmental Funds to Net Assets of  
Governmental Activities on the Statement of Net Assets  
June 30, 2008

<b>Fund balance - total governmental funds</b>	\$	191
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets (i.e., receivables) are offset by deferred revenues in the governmental funds and, therefore, not included in fund balance.

Add - deferred leases receivable		1,380,000
Add - long-term accounts receivable		1,567

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Deduct - bonds payable		(1,392,007)
Deduct - accrued interest on bonds payable		(5,090)
Add - deferred bond issue costs		15,339

<b>Net assets of governmental activities</b>	\$	-
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The accompanying notes are an integral part of the financial statements.

**City of Lansing Building Authority**  
Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2008

	<b>2005 Refunding Debt Service</b>
	<hr/>
<b>Revenues</b>	
Contributions from City of Lansing	\$ 175,226
	<hr/>
<b>Expenditures</b>	
Debt service:	
Principal payments	110,000
Interest	65,038
	<hr/>
Total expenditures	175,038
	<hr/>
Revenues over expenditures	188
Fund balance, beginning of year	3
	<hr/>
<b>Fund balance, end of year</b>	<b>\$ 191</b>
	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

**City of Lansing Building Authority**  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2008

<b>Net change in fund balances - total governmental funds</b>	\$ 188
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to subsequent fiscal years.	
Deduct - change in long-term receivables	(112,175)
Debt proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Add - principal payments on long-term liabilities	110,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Add - increase in accrued interest payable on long-term liabilities	1,987
<b>Change in net assets of governmental activities</b>	\$ <u><u>-</u></u>

The accompanying notes are an integral part of the financial statements.

**City of Lansing Building Authority**  
Statement of Net Assets  
Proprietary Funds  
June 30, 2008

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Municipal Parking System</b>	<b>Golf</b>	<b>Totals</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 281,548	\$ -	\$ 281,548
Receivables:			
Accrued interest	298,775	9,631	308,406
Due from the City of Lansing	6,265	-	6,265
Leases receivable, current	3,861,061	74,101	3,935,162
Total current assets	<u>4,447,649</u>	<u>83,732</u>	<u>4,531,381</u>
Noncurrent assets:			
Leases receivable	55,344,356	720,896	56,065,252
Bond issue costs	437,688	-	437,688
Total non-current assets	<u>55,782,044</u>	<u>720,896</u>	<u>56,502,940</u>
Total assets	<u>60,229,693</u>	<u>804,628</u>	<u>61,034,321</u>
<b>Liabilities</b>			
Current liabilities:			
Accrued interest payable	154,818	10,675	165,493
Due to the City of Lansing	825	-	825
Current portion of long-term debt	5,624,472	70,000	5,694,472
Total current liabilities	<u>5,780,115</u>	<u>80,675</u>	<u>5,860,790</u>
Noncurrent liabilities:			
Long-term debt	<u>50,854,178</u>	<u>696,646</u>	<u>51,550,824</u>
Total liabilities	<u>56,634,293</u>	<u>777,321</u>	<u>57,411,614</u>
<b>Net assets</b>			
Unrestricted	<u>\$ 3,595,400</u>	<u>\$ 27,307</u>	<u>\$ 3,622,707</u>

The accompanying notes are an integral part of the financial statements.

**City of Lansing Building Authority**  
Statement of Revenues, Expenses  
and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2008

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Municipal Parking System</b>	<b>Golf</b>	<b>Totals</b>
<b>Operating revenues</b>			
Lease revenue	\$ 3,503,206	\$ 39,711	\$ 3,542,917
Charges for services	3,125	-	3,125
Total operating revenues	3,506,331	39,711	3,546,042
<b>Operating expenses</b>			
Interest expense and fees	3,638,944	44,558	3,683,502
Operating income (loss)	(132,613)	(4,847)	(137,460)
<b>Nonoperating revenues (expenses)</b>			
Interest revenue	9,903	-	9,903
Change in net assets	(122,710)	(4,847)	(127,557)
Net assets, beginning of year	3,718,110	32,154	3,750,264
<b>Net assets, end of year</b>	<b>\$ 3,595,400</b>	<b>\$ 27,307</b>	<b>\$ 3,622,707</b>

The accompanying notes are an integral part of the financial statements.



**City of Lansing Building Authority**  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2008

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Municipal Parking System</b>	<b>Golf</b>	<b>Totals</b>
<b>Cash flows from operating activities</b>			
Cash received from the City of Lansing	\$ 3,520,637	\$ 40,549	\$ 3,561,186
Cash received from customers	3,125	-	3,125
Interest and fees paid	(1,584,322)	(44,658)	(1,628,980)
Net cash provided by (used for) operating activities	1,939,440	(4,109)	1,935,331
<b>Cash flows from capital and related financing activities</b>			
Principal paid on general obligation bonds	(5,320,000)	(65,000)	(5,385,000)
Payments received on capital lease	3,381,322	69,109	3,450,431
Net cash provided by (used for) capital and related financing activities	(1,938,678)	4,109	(1,934,569)
<b>Cash flows from investing activities</b>			
Interest received	9,903	-	9,903
Net increase in cash and cash equivalents	10,665	-	10,665
Cash and cash equivalents, beginning of year	270,883	-	270,883
<b>Cash and cash equivalents, end of year</b>	<b>\$ 281,548</b>	<b>\$ -</b>	<b>\$ 281,548</b>
<b>Reconciliation of operating loss to net cash provided by (used for) operating activities</b>			
<b>Operating loss</b>	<b>\$ (132,613)</b>	<b>\$ (4,847)</b>	<b>\$ (137,460)</b>
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities			
Amortization of bond issuance costs	34,111	-	34,111
Amortization of bond issuance discounts	1,794,715	729	1,795,444
Amortization of refunding and defeasance loss	235,046	-	235,046
Change in:			
Accrued interest receivable	20,380	838	21,218
Due from the City of Lansing	(3,125)	-	(3,125)
Prepays	4,241	-	4,241
Accrued interest payable	(13,491)	(829)	(14,320)
Due to the City of Lansing	176	-	176
Total adjustments	2,072,053	738	2,072,791
Net cash provided by (used for) operating activities	<b>\$ 1,939,440</b>	<b>\$ (4,109)</b>	<b>\$ 1,935,331</b>

The accompanying notes are an integral part of the financial statements.

## **Notes to Basic Financial Statements**

# CITY OF LANSING BUILDING AUTHORITY

## Notes To Basic Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lansing Building Authority (the “Authority”) was established pursuant to Act 31, Public Acts of Michigan, as amended. The Authority has entered into various lease agreements with the City of Lansing (the “City”) covering buildings, parking lots, recreation facilities, and stadiums constructed by the Authority.

#### 1-A. Reporting Entity

These financial statements represent the financial position and the results of operations of a blended component unit of the City and are an integral part of that reporting entity.

#### 1-B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the authority. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

# CITY OF LANSING BUILDING AUTHORITY

## Notes To Basic Financial Statements

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### 1-C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial information is reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial information is reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The Authority reports the following major governmental fund:

The *2005 refunding debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental activities.

The Authority reports the following major proprietary funds:

The *municipal parking system enterprise fund* accounts for the debt financing activities of the City's municipal parking system.

The *golf enterprise fund* accounts for the debt financing activities of the City's golf courses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent those standards do not conflict with or contradict guidance of the Governmental Accounting Standard Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Authority has elected not to follow subsequent private sector guidance.

# CITY OF LANSING BUILDING AUTHORITY

## Notes To Basic Financial Statements

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As a general rule the effect of interfund activity, if any, has been eliminated from the government-wide financial statements. Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

### **1-D. Assets, liabilities and equity**

#### **Cash and cash equivalents/investments**

The Authority's cash and cash equivalents are considered to be demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value.

#### **Long-term Obligations**

In the government-wide financial statements, long-term debt is reported as a liability. Bond discounts, premiums, issuance costs and refunding losses are deferred and amortized over the life of the applicable bonds using the effective interest method. Bonds payable are reported net of the applicable bond discount, premium and deferred loss. Bond issuance costs are reported as deferred charges.

In the fund financial statements, governmental fund types recognize bond discounts, premiums and issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Discounts or premiums on debt issuances are reported as other financing uses or sources, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

# CITY OF LANSING BUILDING AUTHORITY

## Notes To Basic Financial Statements

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### NOTE 2 – DETAILED NOTES ON ALL FUNDS

#### 2-A. Cash and cash equivalents

At year-end, the carrying amount of the Authority's cash and cash equivalents was \$281,548. Because it is infeasible to allocate risk to individual component units, aggregate cash and investment categorizations are presented in the City's basic financial statements.

#### 2-B. Receivables

Receivables as of year-end are as follows:

	<b>Governmental <u>Activities</u></b>	<b>Business-type <u>Activities</u></b>
Accrued interest receivable	\$ 1,567	\$ 308,406
Due from the City of Lansing	<u>191</u>	<u>6,265</u>
	<b><u>\$ 1,758</u></b>	<b><u>\$ 314,671</u></b>

#### 2-C. Payables

Payables as of year-end are as follows:

	<b>Governmental <u>Activities</u></b>	<b>Business-type <u>Activities</u></b>
Accrued interest payable	\$ 5,090	\$ 165,493
Due to the City of Lansing	<u>-</u>	<u>825</u>
	<b><u>\$ 5,090</u></b>	<b><u>\$ 166,318</u></b>

# CITY OF LANSING BUILDING AUTHORITY

## Notes To Basic Financial Statements

### 2-D. Leases receivable

The Authority has entered into various lease agreements with the City for buildings, parking lots, recreation facilities, and stadiums acquired or constructed by the Authority. These agreements generally terminate with the retirement of the related bond issues. Annual lease payments under these agreements are equal to the related bond principal and interest due each year. At termination of a lease, title to the leased property is passed to the City or other government.

Under the accrual basis of accounting and the provisions of FASB (Financial Accounting Standards Board) Statement No. 13, *Accounting for Leases*, the Authority's leases are classified as sales leases. As a result, leases receivable are recognized in the accompanying statement of net assets, whereas capital assets are not.

All lease agreements provide for the lessee to use, operate and maintain the property, at its own expense, subject to the terms and conditions of the agreements.

Future minimum lease payments to be received under these lease agreements are as follows:

<b>Year Ended June 30</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
2009	\$ 176,076	\$ 7,255,999
2010	172,050	7,266,798
2011	176,300	7,277,393
2012	171,300	7,271,250
2013	171,300	7,271,053
Thereafter	863,698	49,472,771
Total minimum lease payments	1,730,724	85,815,264
Less: amount representing interest	(350,724)	(25,814,850)
	<b>\$ 1,380,000</b>	<b>\$ 60,000,414</b>

# CITY OF LANSING BUILDING AUTHORITY

## Notes To Basic Financial Statements

### 2-E. Long-term debt

*General obligation bonds.* The Authority issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years for the items listed below was \$110,345,000.

During the year ended June 30, 2007, the Building Authority issued \$7,965,000 of general obligation bonds to provide resources to refund \$7,485,000 of the 2003 Building Authority A Municipal Parking System Limited Tax Bonds. The proceeds of the refunding were placed in an irrevocable trust to make future debt payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The refunding was undertaken to reduce future debt service payments by \$397,334 and resulted in an economic gain of \$220,947.

At year end, defeased bonds outstanding consisted of \$7,485,000 of the 2003 Building Authority A Municipal Parking System Limited Tax Bonds, which are scheduled to be paid by the escrow agent on June 1, 2013.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20 to 25-year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

	Interest Rate	Original Amount	Amount
<b>General obligation bonds</b>			
<i>Governmental activities</i>			
2005 Building Authority Refunding Bonds	3.50%-5.00%	\$ 1,470,000	\$ 1,360,000
<i>Business-type activities</i>			
1990 Building Authority Municipal Parking System Limited Tax Bond	0.00%	\$ 64,635,000	\$ 28,985,000
2003 Building Authority A Municipal Parking System Limited Tax Bond	3.00%-4.35%	10,340,000	2,245,000
2003 Building Authority B Municipal Parking System Taxable Bond	3.85%-6.25%	8,660,000	8,020,000
2005 Building Authority Refunding Bonds	3.50-5.00%	15,975,000	13,775,000
2007 Building Authority Refunding Bonds	3.625%-5.00%	7,965,000	7,945,000
1996 Building Authority Golf Course Limited Tax Bond	3.80%-5.70%	1,300,000	770,000
		\$ 108,875,000	\$ 61,740,000

*Loan payable.* The Authority has a loan payable due to the Michigan Economic Development Corporation in the amount of \$4,180,000 for business-type activities. The original amount of the loan was \$4,180,000.



# CITY OF LANSING BUILDING AUTHORITY

## Notes To Basic Financial Statements

Annual debt service requirements to maturity for general obligation bonds and loans payable are as follows:

Year Ended June 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 115,000	\$ 61,076	\$ 176,076	\$ 5,694,472	\$ 1,561,528	\$ 7,256,000
2010	115,000	57,050	172,050	5,592,544	1,674,254	7,266,798
2011	125,000	51,300	176,300	5,670,731	1,606,663	7,277,394
2012	125,000	46,300	171,300	5,729,048	1,542,202	7,271,250
2013	130,000	41,300	171,300	5,797,502	1,473,550	7,271,052
2014-2018	750,000	113,698	863,698	17,694,493	6,139,415	23,833,908
2019-2023	-	-	-	10,049,794	3,702,708	13,752,502
2024-2028	-	-	-	6,569,699	1,741,241	8,310,940
2029-2033	-	-	-	2,254,694	362,839	2,617,533
2034-2038	-	-	-	867,023	90,864	957,887
	<u>\$ 1,360,000</u>	<u>\$ 370,724</u>	<u>\$ 1,730,724</u>	<u>\$ 65,920,000</u>	<u>\$ 19,895,264</u>	<u>\$ 85,815,264</u>

Long-term liability activity for the year ended June 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable	\$ 1,470,000	\$ -	\$ 110,000	\$ 1,360,000	\$ 115,000
Deferred amounts for:					
Issuance premium	48,567	-	4,415	44,152	-
Refunding loss	(13,360)	-	(1,215)	(12,145)	-
	<u>\$ 1,505,207</u>	<u>\$ -</u>	<u>\$ 113,200</u>	<u>\$ 1,392,007</u>	<u>\$ 115,000</u>
<b>Business-type activities:</b>					
Bonds payable	\$ 67,125,000	\$ -	\$ 5,385,000	\$ 61,740,000	\$ 5,455,000
Loan payable	4,180,000	-	-	4,180,000	239,472
Deferred amounts for:					
Issuance discounts	(8,636,528)	-	(1,795,444)	(6,841,084)	-
Refunding loss	(2,068,666)	-	(235,046)	(1,833,620)	-
	<u>\$ 60,599,806</u>	<u>\$ -</u>	<u>\$ 3,354,510</u>	<u>\$ 57,245,296</u>	<u>\$ 5,694,472</u>

\* \* \* \* \*



**REHMANN ROBSON**

*Certified Public Accountants*

*A member of* **THE REHMANN GROUP**



**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

December 19, 2008

To the Commissioners of the  
City of Lansing Building Authority Board  
Lansing, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the *City of Lansing Building Authority (the "Authority"), a component unit of the City of Lansing*, as of and for the year ended June 30, 2008, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as identified above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the entity's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, the governing board, management, others within the organization, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Lobson". The signature is written in a cursive, flowing style.